

EX PARTE OR LATE FILED



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April 7, 1997

APR 9 1997

RECEIVED

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW, Suite 222
Washington, DC 20554

Re: *Ex parte filing*
CC Docket 96-262, et al., Access Charge Reform

Dear Mr. Caton:

In accordance with the Commission's Rules, this filing will provide notice that discussions concerning the above-captioned proceeding were held with Commissioner Aides Tom Boasburg, James Caltharp, and Daniel Gonzalez on April 3, 1997. These separate discussions were held on behalf of the Texas Office of Public Utility Counsel and were attended by Rick Guzman, Assistant Public Counsel, and Randi Sutton, of the Texas Office of State-Federal Relations.

The discussions addressed access charge funding and the impact of SLC reform, as evidenced by the attached summary. At the request of Mr. Boasburg, a chart depicting Texas telephone rates was provided.

Pursuant to Commission Rule 1.1206(a)(2), two (2) copies of this letter, the summary, and the chart are being filed for inclusion in the public record.

Very truly yours,

A handwritten signature in cursive script that reads "Rick Guzman".

Rick Guzman
Assistant Public Counsel

RG:id

cc: Chairman Hundt
Commissioner Quello
Commissioner Chong
Randi Sutton, Texas OSFR

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THE IMPACT ON RESIDENTIAL AND SMALL COMMERCIAL CUSTOMERS OF ANTICIPATED FCC CHANGES TO TELEPHONE RATES

The Texas Office of Public Utility Counsel (Texas OPC) was created by state law in 1983 to represent and advocate the interests of the state's residential and small commercial utility consumers. Texas OPC appreciates the opportunity to offer information on the potential impact of pending federal actions. It is our fear that consumers will come out the only real losers under the Act.

- Intrastate universal service funds help maintain reasonable rates in rural/high-cost areas and provide reimbursement for public-interest services benefiting the entire state. In Texas that fund provides high cost assistance to rural areas, telecom relay service to the hearing or speech-impaired for over 350,000 calls per month, and Tel-Assistance/Link-Up programs which benefit over 140,000 Texas annually. These intrastate funds should not be redirected from these laudable state goals to achieve federal objectives.
- If the FCC mandates any increase to the Subscriber Line Charge (SLC), consumers will not realize any more than *phantom savings* as a result of implementation of the Telecommunications Act. Decreases in long distance bills will be more than offset by increases in the SLC. For example, up through the middle class, even after decreases in long distance rates are accounted for, every dollar increase in the SLC will still likely result in net bill increases of \$.33 monthly. More importantly, the impact will be regressive. Those with lower incomes would bear an even larger percentage of the increase than would those with higher incomes.
- The SLC represents a payment to the telephone company to provide support for joint and common costs. By decreasing access charges without also decreasing the SLC, the FCC effectively increases the relative share of costs support provided directly by endusers of telephone service so that the other users of telephone services (primarily the long distance carriers, as wholesalers) may provide less cost support through the access charges. The consumer has no guarantee that he will have the right combination of rates and usage that will flow some of these access charge savings on to him. This result amounts to no more than a high-tech shell game. It also runs counter to the intent in the Act that endusers bear no more than a reasonable share of joint and common costs.
- Traditionally basic long distance rates have not tracked access charges with any precision. Thus, additional reductions in access charges should be passed through to consumers in a form that ensures that they also begin to benefit from deregulation. Accordingly, reductions to the SLC should be an integral part of any reform of telephone prices. Moreover, decreases in the SLC ensure that endusers, not solely the wholesalers, benefit from productivity gains in the costs of providing telephone service that have occurred over the last few years.

**PUBLIC UTILITY COMMISSION OF TEXAS
COMPETITIVE ISSUES DIVISION, OFFICE OF REGULATORY AFFAIRS**

LOCAL TELEPHONE RATE COMPARISON

| TEXAS UTILITIES | ACCESS LINES | RESIDENTIAL | | | BUSINESS | | |
|---------------------------|-----------------|-------------|--------------|-----------|-----------|--------------|-----------|
| | | BASIC | CALL WAITING | CALLER ID | BASIC | CALL WAITING | CALLER ID |
| SWS | | | | | | | |
| Ablene | 64,625 | \$8.80 | \$2.80 | \$4.95 | \$20.85 | \$3.25 | \$7.50 |
| Amarillo | 118,928 | \$9.10 | \$2.80 | \$4.95 | \$21.30 | \$3.25 | \$7.50 |
| Austin | 526,434 | \$9.35 | \$2.80 | \$4.95 | \$22.00 | \$3.25 | \$7.50 |
| Beaumont | 71,920 | \$9.10 | \$2.80 | \$4.95 | \$21.30 | \$3.25 | \$7.50 |
| Brownsville | 55,180 | \$8.80 | \$2.80 | \$4.95 | \$20.85 | \$3.25 | \$7.50 |
| Corpus Christi | 147,532 | \$9.10 | \$2.80 | \$4.95 | \$21.30 | \$3.25 | \$7.50 |
| Dallas | 1,181,882 | \$10.40 | \$2.80 | \$4.95 | \$25.25 | \$3.25 | \$7.50 |
| El Paso | 263,443 | \$9.35 | \$2.80 | \$4.95 | \$22.00 | \$3.25 | \$7.50 |
| Houston | 1,745,982 | \$11.05 | \$2.80 | \$4.95 | \$28.25 | \$3.25 | \$7.50 |
| Longview | 99,036 | \$8.80 | \$2.80 | \$4.95 | \$20.85 | \$3.25 | \$7.50 |
| San Antonio | 689,480 | \$9.85 | \$2.80 | \$4.95 | \$23.10 | \$3.25 | \$7.50 |
| Average | | \$9.43 | \$2.80 | \$4.95 | \$22.40 | \$3.25 | \$7.50 |
| GTE | | | | | | | |
| Bryan/Collage Station | 80,322 | \$7.50 | \$1.80 | \$4.95 | \$19.45 | \$2.50 | \$7.50 |
| Georgetown | 15,019 | \$7.30 | \$1.80 | \$4.95 | \$18.80 | \$2.50 | \$7.50 |
| Howe | 1,323 | \$7.10 | \$1.80 | \$4.95 | \$18.35 | \$2.50 | \$7.50 |
| Irving | 113,521 | \$7.65 | \$1.80 | \$4.95 | \$19.85 | \$2.50 | \$7.50 |
| San Angelo | 51,215 | \$7.50 | \$1.80 | \$4.95 | \$19.45 | \$2.50 | \$7.50 |
| Average | | \$7.41 | \$1.80 | \$4.95 | \$19.22 | \$2.50 | \$7.50 |
| COOPERATIVES | | | | | | | |
| Alltel Super Land | 45,806 | \$4.95 | \$1.50 | \$4.95 | \$9.45 | \$1.50 | \$5.95 |
| Big Bend | 4,128 | \$8.50 | N/C | N/A | \$17.00 | N/C | N/A |
| Century of Lake Dallas | | \$6.85 | \$1.25 | N/A | \$14.35 | \$1.50 | N/A |
| Eastex | 24,462 | \$7.15 | \$1.00 | N/A | \$9.80 | \$1.50 | N/A |
| Valley | 5,333 | \$10.65 | \$1.00 | N/A | \$15.15 | \$1.00 | N/A |
| XIT Rural | 1,159 | \$13.40 | \$1.75 | N/A | \$19.40 | \$2.50 | N/A |
| Average | | \$8.58 | | | \$14.21 | | |
| Other U.S. Utilities | | | | | | | |
| Pacific Bell (California) | | \$11.25 | \$3.50 | \$5.39 | *\$10.32 | \$4.20 | \$6.22 |
| GTE California (CA) | | \$17.25 | \$3.50 | \$7.00 | *\$19.22 | \$3.50 | \$7.00 |
| Bell Atlantic (Maryland) | | \$16.51 | \$4.10 | \$6.50 | **\$13.34 | \$4.00 | \$6.50 |

*Denotes measured business service with a .0033 cent per minute and .0105 per additional minute.

**Denotes measured business service with a 9.3 cent per call usage element.

Rates are charged on a per month basis. Custom Calling features, Call Waiting and Caller ID, have applicable non-recurring service connection charges.

This summary is prepared by the Rate Design & Tariffs Section.

LONG DISTANCE**PER-MINUTE USAGE CHARGES - CALLS WITHIN TEXAS**

| <u>Between LATAs *</u> | DAY | | EVENING | | NIGHT / WEEKEND | |
|-----------------------------------|----------------|----------------|----------------|----------------|------------------------|----------------|
| | 1ST MIN | ADD MIN | 1ST MIN | ADD MIN | 1ST MIN | ADD MIN |
| 106 + Miles | | | | | | |
| MCI | \$0.3050 | \$0.3020 | \$0.2299 | \$0.2295 | \$0.1999 | \$0.1990 |
| SPRINT | \$0.3150 | \$0.3020 | \$0.2300 | \$0.2295 | \$0.2000 | \$0.1990 |
| AT&T | \$0.3150 | \$0.3020 | \$0.2300 | \$0.2295 | \$0.2000 | \$0.1990 |
| | | | | | | |

* Approximately 85% of intrastate calls are reflected in the 106+ mile range.

There are sixteen Local Access Transport Areas (LATAs) in the state of Texas which contain numerous exchanges.

PER MINUTE USAGE CHARGES - CALLS OUTSIDE OF TEXAS

| BASIC RATES | DAY | EVENING | NIGHT/WEEKEND |
|------------------------------|------------|----------------|----------------------|
| MCI | \$0.15 | \$0.15 | \$0.15 |
| SPRINT | \$0.15 | \$0.15 | \$0.15 |
| AT&T | \$0.15 | \$0.15 | \$0.15 |
| LDDS - Home Advantage | \$0.25 | \$0.10 | \$0.10 |

| DISCOUNT RATES | DAY | EVENING | NIGHT/WEEKEND |
|-----------------------|------------|----------------|----------------------|
| MCI 1 | \$0.12 | \$0.12 | \$0.12 |
| SPRINT 2 | \$0.25 | \$0.10 | \$0.10 |
| AT&T 3 | \$0.10 | \$0.10 | \$0.10 |
| EXCEL 4 | \$0.20 | \$0.09 | \$0.09 |

1 MCI One Service - must spend at least \$25/month.

2 Sprint Sense - \$0.10 per minute 7pm to 7am Mon. - Fri. and all weekend.

3 AT&T One Rate Plus - includes a \$4.95/monthly charge.

4 Excel Simply One - includes a \$1/monthly charge.

This summary is prepared by the Rate Design & Tariffs Section.